

AMENDED IN SENATE MAY 7, 2003
AMENDED IN SENATE APRIL 29, 2003
AMENDED IN ASSEMBLY APRIL 24, 2003
AMENDED IN ASSEMBLY APRIL 24, 2003
AMENDED IN ASSEMBLY APRIL 21, 2003
AMENDED IN ASSEMBLY MARCH 28, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1207

Introduced by Assembly Member Corbett
(Principal coauthor: Senator Denham)

February 21, 2003

An act to amend Sections 14502.1, 22134.5, 22714, 24203.5, 24203.6, 24209, 24209.3, 24211, 24212, 24213, 24216, 44929, and 87488 of, and to add and repeal Sections 22714.5, 44929.1, and 87488.1 of, the Education Code, relating to state teachers' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1207, as amended, Corbett. State teachers' retirement: retirement incentive.

Existing law requires the Controller, in consultation with the Department of Finance and the State Department of Education, to develop a plan to review and report on financial and compliance audits. Existing law requires the Controller, in consultation with the Department of Finance, the State Department of Education, a

representative of the county offices of education, and representatives of the California Society of Certified Public Accountants, to recommend the statements and other information to be included in the audit reports filed with the state and to propose the content of an audit guide. Existing law requires the Controller to submit a copy of the audit guide to the Department of Finance for review, or, after July 1, 2003, to the Education Audits Appeal Panel.

This bill would extend the application of these provisions in regard to the audit guide to include information relating to specified provisions of law relating to teachers' retirement.

Existing law ~~authorized~~ authorizes a member of the Defined Benefit Program of the State Teachers' Retirement Plan to receive an additional 2 years of service credit if the member's employer took a specified formal action, prior to January 1, 1999, encouraging its employees to retire; the member retired within the period designated in that formal action; and other conditions existed.

This bill would authorize a member of that program to receive credit for an additional 2 years of service if the member's employer takes a specified formal action, or an additional 2 years of service and 2 years of age if, prior to January 1, 2005, a specified determination is made by the employer pursuant to the terms of a memorandum of understanding or a specified formal action; the member retires within the period designated in that formal action or memorandum of understanding; and other conditions exist. The bill would also make technical changes, among others.

This bill would become operative only if SB 556 of the 2003-04 Regular Session (1) amends specified Sections of the Education Code in the identical form as amended in the Senate on April 21, 2003, and (2) is chaptered and becomes effective on or before January 1, 2004.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. *It is the intent of the Legislature that school*
- 2 *districts be encouraged to consider all retirement options,*
- 3 *including, but not limited to, private, public, and a combination of*



1 *private and public options, prior to making their decisions*
2 *regarding the options available as put forth by this measure.*

3 SEC. 2. Section 14502.1 of the Education Code is amended to
4 read:

5 14502.1. (a) The Controller, in consultation with the
6 Department of Finance and the State Department of Education,
7 shall develop a plan to review and report on financial and
8 compliance audits. The plan shall commence with the 2003–04
9 fiscal year for audits of school districts, other local education
10 agencies, and the offices of county superintendents of schools. The
11 Controller, in consultation with the Department of Finance, the
12 State Department of Education, and representatives of the
13 California School Boards Association, the California Association
14 of School Business Officials, the California County
15 Superintendents Educational Service Association, the California
16 Teachers Association, the California Society of Certified Public
17 Accountants, shall recommend the statements and other
18 information to be included in the audit reports filed with the state,
19 and shall propose the content of an audit guide to carry out the
20 purposes of this chapter. A supplement to the audit guide may be
21 suggested in the audit year, following the above process, to address
22 issues resulting from new legislation in that year that changes the
23 conditions of apportionment. The proposed content of the audit
24 guide and any supplement to the audit guide shall be submitted by
25 the Controller to the Education Audits Appeal Panel for review
26 and possible amendment.

27 (b) The audit guide and any supplement shall be adopted by the
28 Education Audits Appeal Panel pursuant to the rulemaking
29 procedures of the Administrative Procedure Act as set forth in
30 Chapter 3.5 (commencing with Section 11340) of Part 1 of
31 Division 3 of Title 2 of the Government Code. It is the intent of the
32 Legislature that, for the 2003–04 fiscal year, the audit guide be
33 adopted by July 1 of the fiscal year to be audited. A supplemental
34 audit guide may be adopted to address legislative changes to the
35 conditions of apportionment. It is the intent of the Legislature that
36 supplements be adopted before March 1 of the audit year.
37 Commencing with the 2004–05 fiscal year, and each fiscal year
38 thereafter, the audit guide shall be adopted by July 1 of the fiscal
39 year to be audited. A supplemental audit guide may be adopted to
40 address legislative changes to the conditions of apportionment.

1 The supplements shall be adopted before March 1 of the audit year.
2 To meet these goals and to ensure the accuracy of the audit guide,
3 the process for adopting emergency regulations set forth in Section
4 11346.1 of the Government Code may be followed to adopt the
5 guide and supplemental audit guide. It is the intent of the
6 Legislature that once the audit guide has been adopted for a fiscal
7 year, as well as any supplement for that year, thereafter only
8 suggested changes to the audit guide and any additional
9 supplements need be adopted pursuant to the rulemaking
10 procedures of the Administrative Procedure Act. The audit guide
11 and any supplement shall be issued in booklet form and may be
12 made available by any means deemed appropriate. The Controller
13 and consultants in the development of the suggested audit guide
14 and any supplement shall work cooperatively on a timeline that
15 will allow the education audits appeal panel to meet the July 1 and
16 March 1 issuance dates. Consistent with current practices for
17 development of the audit guide before the 2003–04 fiscal year, the
18 Controller shall provide for the adoption of procedures and
19 timetables for the development of the suggested audit guide, any
20 supplement, and the format for additions, deletions, and revisions.

21 (c) For the audit of school districts or county offices of
22 education electing to take formal action pursuant to Sections
23 ~~22714 and 44929~~, 22714.5, 44929, and 44929.1, the audit guide
24 content proposed by the Controller shall include, but not be limited
25 to, the following:

26 (1) The number and type of positions vacated.

27 (2) The age and service credit of the retirees receiving the
28 additional service credit provided by Sections ~~22714 and~~
29 ~~44929~~, 22714.5, 44929, and 44929.1.

30 (3) A comparison of the salary and benefits of each retiree
31 receiving the additional service credit with the salary and benefits
32 of the replacement employee, if any.

33 (4) The resulting retirement cost, including interest, if any, and
34 postretirement health care benefits costs, incurred by the
35 employer.

36 (d) The Controller shall annually prepare a cost analysis, based
37 on the information included in the audit reports for the prior fiscal
38 year, to determine the net savings or costs resulting from formal
39 actions taken by school districts and county offices of education
40 pursuant to Sections ~~22714 and 44929~~, 22714.5, 44929, and

1 44929.1, and shall report the results of the cost analysis to the
2 Governor and the Legislature by April 1 of each year.

3 (e) All costs incurred by the Controller to implement
4 subdivision (c) shall be absorbed by the Controller.

5 (f) This section shall become operative July 1, 2003 and shall
6 apply to the preparation of the audit guide for school district audits
7 commencing with the 2003–04 fiscal year.

8 *SEC. 3.* Section 22134.5 of the Education Code is amended to
9 read:

10 22134.5. (a) Notwithstanding Section 22134, “final
11 compensation” means the highest average annual compensation
12 earnable by a member during any period of 12 consecutive months
13 while an active member of the Defined Benefit Program or time
14 during which he or she was not a member but for which the
15 member has received credit under the Defined Benefit Program,
16 except time that was so credited for service performed outside this
17 state prior to July 1, 1944. The last consecutive 12-month period
18 of employment shall be used by the system in determining final
19 compensation unless designated to the contrary in writing by the
20 member.

21 (b) For purposes of this section, periods of service separated by
22 breaks in service may be aggregated to constitute a period of 12
23 consecutive months, if the periods of service are consecutive
24 except for the breaks.

25 (c) The determination of final compensation of a member who
26 has concurrent membership in another retirement system pursuant
27 to Section 22115.2 shall take into consideration the compensation
28 earnable while a member of the other system, provided that all of
29 the following exist:

30 (1) The member was in state service or in the employment of
31 a local school district or a county superintendent of schools.

32 (2) Service under the other system was not performed
33 concurrently with service under the Defined Benefit Program.

34 (3) Retirement under the Defined Benefit Program is
35 concurrent with the member’s retirement under the other system.

36 (d) The compensation earnable for the first position in which
37 California service was credited shall be used when additional
38 compensation earnable is required to accumulate three
39 consecutive years for the purpose of determining final
40 compensation under Section 23805.

(e) If a member has received service credit for part-time service performed prior to July 1, 1956, the member's final compensation shall be adjusted for that service in excess of one year by the ratio that part-time service bears to full-time service.

(f) The board may specify a different final compensation with respect to disability allowances, disability retirement allowances, family allowances, and children's portions of survivor benefit allowances payable on and after January 1, 1978. The compensation earnable for periods of part-time service shall be adjusted by the ratio that part-time service bears to full-time service.

(g) This section shall only apply to a member who has 25 or more years of credited service, excluding service credited pursuant to Section 22714, 22714.5, 22715, 22717, or 22826, but including any credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652. This section also shall apply to a nonmember spouse, if the member had at least 25 years of credited service, excluding service credited pursuant to Section 22714, 22714.5, 22715, 22717, or 22826, on the date the parties separated, as established in the judgment or court order pursuant to Section 22652.

~~SEC. 2.~~

SEC. 4. Section 22714 of the Education Code is amended to read:

22714. (a) Whenever the governing board of a school district or a community college district or a county office of education, by formal action, determines pursuant to Section 44929 or 87488 that because of impending curtailment of or changes in the manner of performing services, the best interests of the district or county office of education would be served by encouraging certificated employees or academic employees to retire for service and that the retirement will result in either a net savings to the district or county office of education; a reduction of the number of certificated employees or academic employees; or the retention of certificated employees who are credentialed to teach in, or faculty who are qualified to teach in, teacher shortage disciplines, including, but not limited to, mathematics and science, an additional two years of service credit shall be granted under this part to a member of the Defined Benefit Program if all of the following conditions exist:

1 (1) The member is credited with five or more years of service
2 credit and retires for service under Chapter 27 (commencing with
3 Section 24201) during a period of not more than 120 days or less
4 than 60 days, commencing no sooner than the effective date of the
5 formal action of the employer that shall specify the period.

6 (2) The employer transfers to the retirement fund an amount
7 determined by the Teachers' Retirement Board to equal the
8 actuarial equivalent of the difference between the allowance the
9 member receives after receipt of service credit pursuant to this
10 section and the amount the member would have received without
11 the service credit and an amount determined by the Teachers'
12 Retirement Board to equal the actuarial equivalent of the
13 difference between the purchasing power protection supplemental
14 payment the member receives after receipt of service credit
15 pursuant to this section and the amount the member would have
16 received without the service credit. The payment for purchasing
17 power shall be deposited in the Supplemental Benefit Maintenance
18 Account established by Section 22400 and shall be subject to
19 Section 24415. The transfer to the retirement fund shall be made
20 in a manner and a time period, not to exceed eight years, that is
21 acceptable to the Teachers' Retirement Board. The employer shall
22 transfer the required amount for all eligible employees who retire
23 pursuant to this section.

24 (3) The employer transmits to the retirement fund the
25 administrative costs incurred by the system in implementing this
26 section, as determined by the Teachers' Retirement Board.

27 (4) The employer has considered the availability of teachers or
28 academic employees to fill the positions that would be vacated
29 pursuant to this section.

30 (b) (1) The school district shall demonstrate and certify to the
31 county superintendent that the formal action taken would result in
32 either: (A) a net savings to the district; (B) a reduction of the
33 number of certificated employees; or (C) the retention of
34 certificated employees who are credentialed to teach in teacher
35 shortage disciplines.

36 (c) The community college district shall demonstrate and
37 certify to the chancellor's office that the formal action taken would
38 result in one of the following:

39 (1) A net savings to the district.

40 (2) A reduction in the number of academic employees.



(3) The retention of faculty who are qualified to teach in teacher shortage disciplines.

(d) The opportunity to be granted service credit pursuant to this section shall be available to all members employed by the school district, community college district, or county office of education who meet the conditions set forth in this section.

(e) The amount of service credit shall be two years.

(f) Any member of the Defined Benefit Program who retires under this part for service under Chapter 27 (commencing with Section 24201) with service credit granted under this section and who subsequently reinstates shall forfeit the service credit granted under this section.

(g) Any member of the Defined Benefit Program who retires under this part for service under Chapter 27 (commencing with Section 24201) with service credit granted under this section and who takes any job with any school district in the state less than one year after receiving the credit shall forfeit the ongoing benefit he or she receives from the additional service credit granted under this section.

(h) *Any member of the Defined Benefit Program who retires under this part for service under Chapter 27 (commencing with Section 24201) with service credit granted under this section and who takes any job with the school district that granted the member the service credit less than five years after receiving the credit shall forfeit the ongoing benefit he or she receives from the additional age and service credit granted under this section.*

(i) This section does not apply to any member otherwise eligible if the member receives any unemployment insurance payments arising out of employment with an employer subject to this part during a period extending one year beyond the effective date of the formal action, or if the member is not otherwise eligible to retire for service.

~~SEC. 3.~~

SEC. 5. Section 22714.5 is added to the Education Code, to read:

22714.5. (a) Notwithstanding Sections 22714, 44929, and 87488, an additional two years of service and an additional two years of age shall be credited under this part to a member of the Defined Benefit Program if the following conditions exist:



1 (1) The member is credited with five or more years of service
2 credit and retires for service under the provisions of Chapter 27
3 (commencing with Section 24201) within the period designated in
4 the memorandum of understanding or formal action described in
5 paragraph (6).

6 (2) The employer determines that the best interests of the
7 district would be served by encouraging certificated or academic
8 employees to retire for service and that the retirement will result
9 in either a net savings to the district or county office of education;
10 a reduction of the number of certificated employees or academic
11 employees; or the retention of certified employees who are
12 credentialed to teach in, or faculty who are qualified to teach in,
13 teacher shortage disciplines, including, but not limited to,
14 mathematics and science.

15 (3) The employer transfers to the retirement fund an amount
16 determined by the Teachers' Retirement Board to equal the
17 actuarial equivalent of the difference between the allowance the
18 member receives after receipt of service and age credit pursuant to
19 this section and the amount the member would have received
20 without the service and age credit and an amount determined by
21 the Teachers' Retirement Board to equal the actuarial equivalent
22 of the difference between the purchasing power protection
23 supplemental payment the member receives after receipt of
24 service and age credit pursuant to this section and the amount the
25 member would have received without the service and age credit.
26 The payment for purchasing power shall be deposited in the
27 Supplemental Benefit Maintenance Account established by
28 Section 22400 and shall be subject to Section 24415. The transfer
29 to the retirement fund shall be made in a manner and time period,
30 not to exceed eight years, that is acceptable to the Teachers'
31 Retirement Board.

32 (4) A school district shall demonstrate and certify to the county
33 superintendent that the formal action taken would result in one of
34 the following:

35 (A) A net savings to the district.

36 (B) A reduction of the number of certificated employees.

37 (C) The retention of certified employees who are credentialed
38 to teach in teacher shortage disciplines.

1 (5) A community college district shall demonstrate and certify
2 to the chancellor's office that the formal action taken would result
3 in one of the following:

4 (A) A net savings to the district.

5 (B) A reduction in the number of academic employees.

6 (C) The retention of faculty who are qualified to teach in
7 teacher shortage disciplines.

8 (6) This section has been made applicable to the employer and
9 the member pursuant to a memorandum of understanding between
10 the employer and the representative employee organization or, if
11 there is no representative employee organization, this section has
12 been made applicable to all of the members employed by the
13 school district, community college district, or county office of
14 education, pursuant to a formal action of the governing board. The
15 employer shall transfer the required amount for all eligible
16 employees who retire pursuant to this section.

17 (7) The employer transmits to the retirement fund the
18 administrative costs incurred by the system in implementing this
19 section, as determined by the Teacher's Retirement Board.

20 (b) The amount of additional service credit and additional age
21 shall each be two years regardless of credited service or age. A
22 *member of the Defined Benefit Program who is credited with*
23 *additional age and service under this section may not be credited*
24 *with additional service under Section 22714.*

25 (c) Any member of the Defined Benefit Program who is
26 credited with additional age and service under this section and who
27 subsequently reinstates from retirement shall forfeit the additional
28 age and service credit granted under this section.

29 (d) Any member of the Defined Benefit Program who retires
30 under this part for service under Chapter 27 (commencing with
31 Section 24201) with age and service credit granted under this
32 section and who takes any job with any school district in the state
33 less than one year after receiving the credit shall forfeit the
34 ongoing benefit he or she receives from the additional age and
35 service credit granted under this section.

36 (e) *Any member of the Defined Benefit Program who retires*
37 *under this part for service under Chapter 27 (commencing with*
38 *Section 24201) with age and service credit granted under this*
39 *section and who takes any job with the school district that granted*
40 *the member the age and service credit less than five years after*



1 *receiving the credit shall forfeit the ongoing benefit he or she*
2 *receives from the additional age and service credit granted under*
3 *this section.*

4 (f) This section is not applicable to any member otherwise
5 eligible if the member receives any unemployment insurance
6 payments arising out of employment with an employer subject to
7 this part during a period extending one year beyond the effective
8 date of the memorandum of understanding or formal action, or if
9 the member is not otherwise eligible to retire for service without
10 the additional age or service credit available under this section.

11 ~~(f)~~

12 (g) This section shall become operative 120 days after the
13 effective date of Assembly Bill No. 1207 of the 2003–04 Regular
14 Session and remain in effect only until January 1, 2005, and as of
15 that date is repealed, unless a later enacted statute, that is enacted
16 before January 1, 2005, deletes or extends that date.

17 ~~SEC. 4.~~

18 SEC. 6. Section 24203.5 of the Education Code is amended to
19 read:

20 24203.5. (a) The percentage of final compensation used to
21 compute the allowance pursuant to Section 24202.5, 24203, or
22 24205 of a member retiring on or after January 1, 1999, who has
23 30 or more years of credited service, excluding service credited
24 pursuant to Sections 22714, 22714.5, 22715, 22717, and 22717.5,
25 shall be increased by two-tenths of 1 percentage point, provided
26 that the sum of the percentage of final compensation used to
27 compute the allowance in Section 24202.5, 24203, or 24205,
28 including any adjustments for retiring before the normal
29 retirement age, and the additional percentage provided by this
30 section does not exceed 2.40 percent. For purposes of establishing
31 eligibility for the increased allowance pursuant to this section only,
32 credited service shall include credited service that a court has
33 ordered be awarded to a nonmember spouse pursuant to Section
34 22652. A nonmember spouse shall also be eligible for the
35 increased allowance pursuant to this section if the member had 30
36 or more years of credited service on the date the parties separated,
37 as established in the judgment or court order pursuant to Section
38 22652.

39 (b) Nonqualified service credit for which contributions
40 pursuant to Section 22826 were made in a lump sum on or after

January 1, 2000, or for which the first installment was made on or after January 1, 2000, shall not be included in determining the eligibility for an increased allowance pursuant to this section.

(c) The amendments made to subdivision (a) in the first year of the 1999–2000 Regular Session are declaratory of existing law.

~~SEC. 5.~~

SEC. 7. Section 24203.6 of the Education Code is amended to read:

24203.6. (a) In addition to the amount otherwise payable pursuant to Sections 24202.5, 24203, 24203.5, 24205, 24209.5, 24210, 24211, and 24212, a member who (1) retires for service on or after January 1, 2001, (2) has, prior to January 1, 2011, 30 or more years of credited service, excluding service credited pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826 but including any credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652, and (3) is receiving an allowance subject to Section 24203.5, shall receive a monthly increase in the allowance, prior to any modification pursuant to Sections 24300 and 24309, in the amount identified in the following schedule for the number of years of the member's credited service at the time of retirement, excluding service credited pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826 but including any credited service that a court has ordered be awarded to a nonmember spouse pursuant to Section 22652:

30 years of credited service	\$200
31 years of credited service	\$300
32 or more years of credited service	\$400

(b) This section also shall apply to a nonmember spouse, if the member is eligible for the allowance increase pursuant to subdivision (a) upon his or her retirement for service and had at least 30 years of credited service, excluding service credited pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, on the date the parties separated, as established in the judgment or court order pursuant to Section 22652 and the service credit of the member was divided into separate accounts in the name of the member and the nonmember spouse by a court pursuant to Section 22652. The amount identified in the schedule

in subdivision (a) and payable pursuant to this section, that is based on the service credited during the marriage, shall be divided and paid to the member and the nonmember spouse proportionately according to the respective percentages of the member's service credit that were allocated to the member and the nonmember spouse in the court's order.

(c) The allowance increase provided under this section shall not be subject to Sections 24415 and 24417, but shall be subject to Section 22140.

~~SEC. 6.~~

SEC. 8. Section 24209 of the Education Code is amended to read:

24209. (a) Upon retirement for service following reinstatement, the member shall receive a service retirement allowance equal to the sum of both of the following:

(1) An amount equal to the monthly allowance the member was receiving immediately preceding reinstatement, exclusive of any amounts payable pursuant to Section 22714, 22714.5, or 22715, increased by the improvement factor that would have been applied to the allowance if the member had not reinstated.

(2) An amount calculated pursuant to Section 24202, 24202.5, 24203, 24203.5, or 24206 on service credited subsequent to the most recent reinstatement, the member's age at retirement, and final compensation.

(b) If the total amount of credited service, other than that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in paragraphs (1), for members who initially retired on or after January 1, 1999, and (2) of subdivision (a) shall be calculated pursuant to Section 24203.5.

(c) If the total amount of credited service, other than that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, upon retirement for service following reinstatement, a member who retired pursuant to Section 24213, and received the terminated disability allowance for the prior retirement, shall receive a service retirement allowance equal to the sum of the following:

(1) An amount based on the service credit accrued prior to the effective date of the disability allowance, the member's age at the

1 prior retirement increased by the factor provided in Section
2 24203.5, and projected final compensation.

3 (2) An amount calculated pursuant to Section 24202, 24202.5,
4 24203.5, or 24206 on service credited subsequent to the
5 reinstatement, the member's age at retirement, and final
6 compensation.

7 ~~SEC. 7.~~

8 *SEC. 9.* Section 24209.3 of the Education Code is amended to
9 read:

10 24209.3. (a) Notwithstanding subdivision (a) of Section
11 24209 and subdivision (d) of Section 24204, and exclusive of any
12 amounts payable during the prior retirement for service pursuant
13 to Section 22714, 22714.5, or 22715:

14 (1) A member who retired, other than pursuant to Section
15 24210, 24211, 24212, or 24213, and who reinstates and performs
16 creditable service, as defined in Section 22119.5, after the most
17 recent reinstatement, in an amount equal to two or more years of
18 credited service, shall, upon retirement for service on or after the
19 effective date of this section, receive a service retirement
20 allowance equal to the sum of the following:

21 (A) An amount calculated pursuant to this chapter based on
22 credited service performed prior to the most recent reinstatement,
23 using the member's age at the subsequent service retirement, from
24 which age shall be deducted the total time during which the
25 member was retired for service, and final compensation.

26 (B) An amount calculated pursuant to this chapter based on
27 credited service performed subsequent to the most recent
28 reinstatement, using the member's age at the subsequent service
29 retirement, and final compensation.

30 (2) A member who retired pursuant to Section 24210 and who
31 reinstates and performs creditable service, as defined in Section
32 22119.5, after the most recent reinstatement, in an amount equal
33 to two or more years of credited service, shall, upon retirement for
34 service on or after the effective date of this section, receive a
35 service retirement allowance equal to the sum of the following:

36 (A) An amount calculated pursuant to this chapter based on
37 service credit accrued prior to the effective date of the disability
38 retirement, using the member's age at the subsequent service
39 retirement, from which age shall be deducted the total time during



1 which the member was retired for service, and indexed final
2 compensation to the effective date of the initial service retirement.

3 (B) An amount calculated pursuant to this chapter based on the
4 service credit accrued after termination of the disability
5 retirement, using the member's age at the subsequent service
6 retirement, from which age shall be deducted the total time during
7 which the member was retired for service, and final compensation.

8 (C) An amount calculated pursuant to this chapter based on
9 credited service performed subsequent to the most recent
10 reinstatement, using the member's age at the subsequent service
11 retirement, and final compensation.

12 (3) A member who retired pursuant to Section 24211 and who
13 reinstates and performs creditable service, as defined in Section
14 22119.5, after the most recent reinstatement, in an amount equal
15 to two or more years of credited service, shall, upon retirement for
16 service on or after the effective date of this section, receive a
17 service retirement allowance equal to the sum of the following:

18 (A) The greater of (i) the disability allowance the member was
19 receiving immediately prior to termination of that allowance,
20 excluding the children's portion, or (ii) an amount calculated
21 pursuant to this chapter based on service credit accrued prior to the
22 effective date of the disability retirement, using the member's age
23 at the subsequent service retirement, from which age shall be
24 deducted the total time during which the member was retired for
25 service, and final compensation using compensation earnable or
26 projected final compensation or a combination of both.

27 (B) An amount equal to either of the following:

28 (i) For a member who was receiving a benefit pursuant to
29 subdivision (a) of Section 24211, the member's credited service at
30 the time of the retirement pursuant to Section 24211, excluding
31 service credited pursuant to Section 22717 or 22717.5 or Chapter
32 14 (commencing with Section 22800) or Chapter 14.2
33 (commencing with Section 22820).

34 (ii) For a member who was receiving a benefit pursuant to
35 subdivision (b) of Section 24211, the member's projected service,
36 excluding service credited pursuant to Section 22717 or 22717.5
37 or Chapter 14 (commencing with Section 22800) or Chapter 14.2
38 (commencing with Section 22820).

39 (C) An amount calculated pursuant to this chapter based on
40 credited service performed subsequent to the most recent

1 reinstatement, using the member's age at the subsequent service
2 retirement, and final compensation using compensation earnable
3 or projected final compensation or a combination of both.

4 (D) An amount based on any service credited pursuant to
5 Chapter 14 (commencing with Section 22800) or Chapter 14.2
6 (commencing with Section 22820) or, for credited service
7 performed during the most recent reinstatement, Section 22714,
8 22714.5, 22715, 22717, or 22717.5, using the member's age at the
9 subsequent service retirement, from which age shall be deducted
10 the total time during which the member was retired for service, and
11 final compensation using compensation earnable, or projected
12 final compensation, or a combination of both.

13 (4) A member who retired pursuant to Section 24212 or 24213
14 and who reinstates and performs creditable service, as defined in
15 Section 22119.5, after the most recent reinstatement, in an amount
16 equal to two or more years of credited service, shall, upon
17 retirement for service on or after the effective date of this section,
18 receive a service retirement allowance equal to the sum of the
19 following:

20 (A) An amount calculated pursuant to this chapter based on the
21 member's projected service credit, excluding service credited
22 pursuant to Section 22717, 22717.5, or Chapter 14 (commencing
23 with Section 22800) or Chapter 14.2 (commencing with Section
24 22820), using the member's age at the subsequent service
25 retirement, from which age shall be deducted the total time during
26 which the member was retired for service, and final compensation
27 using compensation earnable or projected final compensation or
28 a combination of both.

29 (B) An amount calculated pursuant to this chapter based on
30 credited service performed subsequent to the most recent
31 reinstatement, using the member's age at the subsequent service
32 retirement, and final compensation, using compensation earnable
33 or projected final compensation or a combination of both.

34 (C) An amount based on any service credited pursuant to
35 Chapter 14 (commencing with Section 22800) or Chapter 14.2
36 (commencing with Section 22820) or, for credited service
37 performed during the most recent reinstatement, Section 22714,
38 22714.5, 22715, 22717, or 22717.5, using the member's age at the
39 subsequent service retirement, from which age shall be deducted
40 the total time during which the member was retired for service, and

1 final compensation using compensation earnable, or projected
2 final compensation, or a combination of both.

3 (b) If the total amount of credited service, other than that
4 accrued pursuant to Sections 22714, 22714.5, 22715, 22717,
5 22717.5, and 22826, is equal to or greater than the number of years
6 required to be eligible for an increased allowance pursuant to this
7 chapter or Section 22134.5, the amounts identified in this section
8 shall be calculated pursuant to the section authorizing the
9 increased benefit.

10 (c) For members receiving an allowance pursuant to Section
11 24410.5 or 24410.6, the amount payable pursuant to this section
12 shall not be less than the amount payable to the member as of the
13 effective date of reinstatement.

14 (d) The amount payable pursuant to this section shall not be less
15 than the amount that would be payable to the member pursuant to
16 Section 24209.

17 (e) For purposes of determining an allowance increase
18 pursuant to Sections 24415 and 24417, the calendar year of
19 retirement shall be the year of the subsequent retirement if the final
20 compensation used to calculate the allowance pursuant to this
21 section is higher than the final compensation used to calculate the
22 allowance for the prior retirement.

23 (f) The allowance paid pursuant to this section to a member
24 receiving a lump-sum payment pursuant to Section 24221 shall be
25 actuarially reduced to reflect that lump-sum payment.

26 ~~SEC. 8.~~

27 *SEC. 10.* Section 24211 of the Education Code is amended to
28 read:

29 24211. When a member who has been granted a disability
30 allowance under this part after June 30, 1972, returns to
31 employment subject to coverage under the Defined Benefit
32 Program and performs:

33 (a) Less than three years of creditable service after termination
34 of the disability allowance, the member shall receive a retirement
35 allowance which is the sum of the allowance calculated on service
36 credit accrued after the termination date of the disability
37 allowance, the age of the member on the last day of the month in
38 which the retirement allowance begins to accrue, and final
39 compensation using compensation earnable and projected final
40 compensation, plus the greater of either of the following:

(1) A service retirement allowance calculated on service credit accrued as of the effective date of the disability allowance, the age of the member on the last day of the month in which the retirement allowance begins to accrue, and projected final compensation excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820), to the termination date of the disability allowance.

(2) The disability allowance the member was receiving immediately prior to termination of that allowance, excluding children's portions.

(b) Three or more years of creditable service after termination of the disability allowance, the member shall receive a retirement allowance that is the greater of the following:

(1) A service retirement allowance calculated on all actual and projected service excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820), the age of the member on the last day of the month in which the retirement allowance begins to accrue, and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(2) The disability allowance the member was receiving immediately prior to termination of that allowance, excluding children's portions.

(c) The allowance shall be increased by an amount based on any service credited pursuant to Sections 22714, 22714.5, 22715, 22717, and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) and final compensation using compensation earnable, or projected final compensation, or a combination of both.

(d) If the total amount of credited service, other than projected service or service that accrued pursuant to Sections 22714, 22714.5, 22715, 22717, 22717.5, and 22826, is equal to or greater than 30 years, the amounts identified in subdivisions (a) and (b) shall be calculated pursuant to Sections 24203.5 and 24203.6.

~~SEC. 9.~~

SEC. 11. Section 24212 of the Education Code is amended to read:

24212. (a) If a disability allowance granted under this part after June 30, 1972, is terminated for reasons other than those specified in Section 24213 and the member does not return to employment subject to coverage under the Defined Benefit Program, the member's service retirement allowance, when payable, shall be based on projected service, excluding service credited pursuant to Sections 22717 and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820), projected final compensation, and the age of the member on the last day of the month in which the retirement allowance begins to accrue. The allowance payable under this section, excluding annuities payable from accumulated annuity deposit contributions, shall not be greater than the terminated disability allowance excluding children's portions.

(b) The allowance shall be increased by an amount based on any service credited pursuant to Sections 22714, 22714.5, 22715, 22717, and 22717.5 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) and final compensation using compensation earnable, or projected final compensation, or a combination of both.

~~SEC. 10.~~

SEC. 12. Section 24213 of the Education Code is amended to read:

24213. (a) When a member who has been granted a disability allowance under this part after June 30, 1972, attains normal retirement age, or at a later date when there is no dependent child, the disability allowance shall be terminated and the member shall be eligible for service retirement. The retirement allowance shall be calculated on the projected final compensation and projected service to normal retirement age, excluding service credited pursuant to Section 22717 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820). The allowance payable under this section, excluding annuities payable from accumulated annuity deposit contributions, shall not be greater than the terminated disability allowance. The allowance shall be increased by an amount based on any service credited pursuant to Section 22714, 22714.5, 22715, or 22717 or Chapter 14 (commencing with Section 22800) or Chapter 14.2 (commencing with Section 22820) and projected final compensation to normal retirement age.

(b) Upon retirement, the member may elect to modify the service retirement allowance payable in accordance with any option provided under this part.

~~SEC. 11.~~

SEC. 13. Section 24216 of the Education Code is amended to read:

24216. (a) (1) A member retired for service under this part who is appointed as a trustee or administrator by the Superintendent of Public Instruction pursuant to Section 41320.1, or a member retired for service who is assigned by a county superintendent of schools pursuant to Article 2 (commencing with Section 42120) of Chapter 6 of Part 24, shall be exempt from subdivisions (d) and (f) of Section 24214 for a maximum period of two years.

(2) The period of exemption shall commence on the date the member retired for service is appointed or assigned and shall end no more than two calendar years from that date, after which the limitation specified in subdivisions (d) and (f) of Section 24214 shall apply.

(3) An exemption under this subdivision shall be granted by the system providing that the Superintendent of Public Instruction or the county superintendent of schools submits documentation required by the system to substantiate the eligibility of the member retired for service for an exemption under this subdivision.

(b) (1) A member retired for service under this part who is employed by an employer to perform creditable service in an emergency situation to fill a vacant administrative position requiring highly specialized skills shall be exempt from the provisions of subdivisions (d) and (f) of Section 24214 for creditable service performed up to one-half of the full-time equivalent for that position, if the vacancy occurred due to circumstances beyond the control of the employer. The limitation specified in subdivisions (d) and (f) of Section 24214 shall apply to creditable service performed beyond the specified exemption.

(2) An exemption under this subdivision shall be granted by the system subject to the following conditions:

(A) The recruitment process to fill the vacancy on a permanent basis is expected to extend over several months.

(B) The employment is reported in a public meeting of the governing body of the employer.

1 (C) The employer submits documentation required by the
2 system to substantiate the eligibility of the member retired for
3 service for an exemption under this subdivision.

4 (c) This section does not apply to any person who has received
5 additional service credit pursuant to Section 22715 or 22716.

6 (d) A person who has received additional service credit
7 pursuant to Section 22714 or 22714.5 shall be ineligible for one
8 year from the effective date of retirement for the exemption
9 provided in this section for service performed in the district from
10 which he or she retired.

11 (e) This section shall become operative on January 1, 2001, and
12 shall remain in effect only until January 1, 2008, and as of that date
13 is repealed, unless a later enacted statute, which is enacted before
14 January 1, 2008, deletes or extends that date.

15 ~~SEC. 12.~~

16 *SEC. 14.* Section 44929 of the Education Code is amended to
17 read:

18 44929. Whenever the governing board of a school district or
19 a county office of education, by formal action, determines that
20 because of impending curtailment of or changes in the manner of
21 performing services, the best interests of the district or county
22 office of education would be served by encouraging the retirement
23 of certificated employees and that the retirement will result in
24 either a net savings to the district or county office of education; a
25 reduction of the number of certificated employees as a result of
26 declining enrollment; or the retention of certificated employees
27 who are credentialed to teach in teacher shortage disciplines,
28 including, but not limited to, mathematics and science, an
29 additional two years of service shall be credited under the Defined
30 Benefit Program of the State Teachers' Retirement Plan to a
31 certificated employee pursuant to Section 22714 if all of the
32 conditions set forth in that section are satisfied.

33 ~~SEC. 13.~~

34 *SEC. 15.* Section 44929.1 is added to the Education Code, to
35 read:

36 44929.1. (a) Notwithstanding Section 44929, an additional
37 two years of service and an additional two years of age shall be
38 credited under the Defined Benefit Program of the State Teachers'
39 Retirement Plan to a certificated employee pursuant to Section
40 22714.5 if all of the conditions set forth in that section are satisfied.

(b) This section shall become operative 120 days after the effective date of Assembly Bill 1207 of the 2003–04 Regular Session and remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

~~SEC. 14.~~

SEC. 16. Section 87488 of the Education Code is amended to read:

87488. Whenever the governing board of a community college district, by formal action, determines that because of impending curtailment of or changes in the manner of performing services, the best interests of the district would be served by encouraging the retirement of academic employees and that the retirement will result in either a net savings to the district; a reduction of the number of academic employees as a result of declining enrollment; or the retention of faculty who are qualified to teach in areas of teacher shortage, including, but not limited to, mathematics and science, an additional two years of service shall be credited under the Defined Benefit Program of the State Teachers' Retirement Plan to an academic employee pursuant to Section 22714 if all of the conditions set forth in that section are satisfied.

~~SEC. 15.~~

SEC. 17. Section 87488.1 is added to the Education Code, to read:

87488.1. (a) Notwithstanding Section 87488, an additional two years of service and an additional two years of age shall be credited under the Defined Benefit Program of the State Teachers' Retirement Plan to an academic employee pursuant to Section 22714.5 if all of the conditions set forth in that section are satisfied.

(b) This section shall become operative 120 days after the effective date of Assembly Bill 1207 of the 2003–04 Regular Session and shall remain in effect only until January 1, 2005, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date.

~~SEC. 16.~~

SEC. 18. *This act shall become operative only if Senate Bill 556 of the 2003–04 Regular Session (1) amends Sections 52122, 52123, 52124, and 52126 of the Education Code in the identical form as those sections were proposed to be amended in the Senate*

1 *on April 21, 2003, and (2) is chaptered and becomes effective on*
2 *or before January 1, 2004.*

3 *SEC. 19.* This act is an urgency statute necessary for the
4 immediate preservation of the public peace, health, or safety
5 within the meaning of Article IV of the Constitution and shall go
6 into immediate effect. The facts constituting the necessity are:

7 In order to realize the economies resulting from the early
8 retirement of teachers and other academic employees of the state's
9 schools and community colleges and to thereby ameliorate the
10 budget shortfall in the 2003-04 fiscal year, it is necessary that this
11 act take effect immediately.

